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INFORMATION REPORT

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COUNTRY	Hungary	REPORT NO.		25X1
SUBJECT	Policy Speech by the Minister of Foreign Trade	DATE DISTR.	4 May 1955	
DATE OF INFO.		NO. OF PAGES	4	25X1
PLACE ACQUIRED		REQUIREMENT NO.	RD	
		REFERENCES		
		This is UNEVALUATED Information		

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HUNGARIAN WORKERS' PARTY
 Party Executive Committee

Address by Comrade Hay at the Party Activist
 Meeting Held on 11 November 1954
 (Text Abbreviated)

1. The purpose of today's meeting is to discuss the October resolution of the Central Committee of the Hungarian Workers' Party and to apply it to the problems of foreign trade. First of all, I wish to emphasize that the Party line must not be subordinated to economic policy; on the contrary, economic policy must be subordinate to the Party line.
2. The resolution stresses that rapid increase in agricultural production is a prerequisite for a higher standard of living and states that it cannot be accomplished without special price inducements to the growers. Industry, the resolution states, must be reorganized with a view to increasing the production of agricultural equipment, consumer goods, and export products. In an effort to raise the standard of living, it is also essential to combat waste and uneconomical production methods. Care must be taken, however, that economy should not be carried too far and that it should not run counter to the objectives of the Party line.
3. I wish now to discuss the tasks which confront us and to examine the relationship between these tasks and the resolution of the Central Committee. The resolution states unequivocally that our difficulties must be overcome by

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an increase in production and that this is the only way of making the necessary volume of goods available for consumption and export. It is, therefore, important that raw and auxiliary materials should be secured by import. The flow of the raw-material supply must be uninterrupted, and particular attention must be devoted to the avoidance of interruptions during the first quarter of 1955.

4. If production in certain industries which carry a full load (as, for example, the cotton and shoe industries or heavy industries producing for export) should be lagging in the first quarter, such lag will be extremely difficult to eliminate in the course of the year. The supply of raw materials for the first quarter must, therefore, be assured in all events. Accordingly, all our reserves must be mobilized and all trade possibilities must be explored both in the friendly and capitalist countries.
5. To achieve the import goal, however, the 1954 export plan must be fulfilled. A breach in this plan would unavoidably result in a disturbance of the first-quarter import plan. It is true that only seven weeks remain until the end of the year. However, let us remember the unbelievably high export figure of December 1953.
6. In the language of the resolution, "we must achieve sufficient exports (in 1955) to enable us to import the necessary materials, machines, and other goods." The resolution adds that "appropriations for cancelled investments may possibly also be used for the production of export goods." In justified cases, the growers should receive special inducements for the production of export goods. Fulfillment of the export plan, which was carefully and ably prepared by Comrade Maracskó and his associates, demands that foreign trade enterprises exert a much greater influence on production and investments than heretofore. "Everything must be done," the resolution of the Central Committee states, "to increase the export volume of products which can be sold abroad on the most advantageous terms. Accordingly, exports of agricultural and food-industrial products and of products requiring little material and a large amount of labor must be increased." It is also essential to examine with great care the most economic methods of transportation both of our imports and exports.
7. I wish now to return to our 1955 foreign-trade plan. Sufficient preparatory work has already been done on our plan to enable us to begin making sales contracts for 1955. During the next few days, we shall have to commit ourselves irrevocably as to what we can sell in the first quarter of 1955, so that the foreign-trade enterprises may go ahead with their sales work. Currently, we are lagging behind the plan in sales contracts concluded with capitalistic countries. So far, contracts have been made only for less than one fourth of the quantity of goods which we are planning to export to capitalist countries in the first quarter. This situation must be changed without delay.
8. In the course of trade negotiations now in progress or soon to begin with democratic [Sino-Soviet Bloc] countries, we must do our utmost to increase our trade volume in 1955 as compared with 1954. We must also purchase our raw materials, whenever possible, in friendly countries. Since the volume

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of our exportable agricultural products will be sufficient to pay only for part of our imports, we shall have to make a thorough survey of the industrial requirements of friendly countries.

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11. I now wish to take up a number of matters relating to the work of the ministry. To begin with, I must improve my own work. I am still engaged in too many details; I must delegate numerous matters to others and must devote more time to keeping myself informed as to developments in the ministry and in the enterprises.
12. As to the ministry itself, one of its greatest shortcomings is lack of cooperation between the divisions (főosztályok). The reason for this lies in the reluctance of division chiefs to delegate responsibility to the department chiefs (osztályvezetők). Also, good cooperation between the divisions cannot be achieved purely by regulations from higher echelons but needs spontaneous collaboration between the components. An important prerequisite for improvement is better orientation of the employees on political, economic, and professional matters; in this respect the Secretariat of the Ministry has an important task to perform.
13. It is said, and in part truthfully, that gossiping and rumormongering arise out of inadequate orientation. On the other hand, gossiping and rumormongering currently continue at an unprecedented rate, despite an unquestionable improvement in orientation. The only explanation is that gossiping and rumormongering are organized and are instigated by enemy propaganda and by certain Party members, as well as nonmembers, who have been caught in the net of enemy propaganda.
14. As to the problem of cadres, it must be stated that in certain components of the ministry, as for example in the Agricultural Division (Mezőgazdasági főosztály), the relationship between chiefs and subordinates is poor. Thus, when the divisions are invited to submit recommendations for commendations,

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only the chiefs are usually named. This indicates that the chiefs are not familiar with the performance of their subordinates, although the latter undoubtedly include some outstanding workers.

15. The cadre situation in foreign trade has improved, mainly because many cadres are young and progressive and because the tables of organization of our foreign-trade delegations are nearly filled. Our immediate task is to replace some of this personnel by professionally trained employees and to assign technical cadres to the foreign-trade delegations. We have made progress in the development of new cadres. Comrade Palatitz, to whom we owe thanks for his good work, has been promoted to department chief. Comrade Mramurácz has been placed at the head of the Secretariat of the ministry, and Comrade Vörös has been promoted to department chief. Our young cadres must be patient and must continue to improve themselves. We shall not dismiss competent old experts, to make room for climbers. The managers and Party secretaries of the enterprises must see that such experts are allowed to work in a quiet atmosphere.
16. I now wish to talk about the problem of economy, a matter which was underscored in the resolution of the Central Committee. It appears that I am compelled to revert to this problem again and again, because my repeated warnings are being disregarded. Economies can be made in the following three fields: telecommunication, representation, and official travel. I would like to mention a few characteristic cases in each of these fields:
 - a. Telecommunication. Recently, the ministry talked with the Berlin trade delegation on the telephone for a period of 110 minutes. Another example: the ministry called Brussels by telephone. By the time the connection was established the person who initiated the call had left his desk and could not be found. The call was cancelled, but the bill amounted to 114 forints.
 - b. Representation. The consumption of alcoholic beverages should be reduced. In any case, it is not permissible to serve them during negotiations, but only occasionally at the end of conferences.
 - c. Official travel. Official travel must be organized better, with a view to accomplishing the mission in a shorter time. Travel abroad by enterprise managers may be mentioned particularly, since it appears as if certain enterprises had transferred their headquarters abroad. The manager, three division chiefs, and four department chiefs of Lignimpex were abroad at the same time. Comrade Povinec has made valuable suggestions in connection with official travel abroad, and Comrade Bacsoni brought up this problem at a meeting of enterprise managers. His warning has gone unheeded, however.
17. The Party organization of the Ministry has important responsibilities under the resolution of the Central Committee. "Steps must be taken to ensure that the new economic policy will be interpreted and enforced by all Party organs uniformly and unhesitatingly. Party unity in regard to the new economic policy must be strengthened; and a resolute front must be made against those who are attempting to distort the new economic policy, or display an insincere attitude toward it, or disseminate a spirit of skepticism." Our Party organization must, with the help of the activists, liquidate all manifestations of passivity. It will, in the near future, also take active part in preparing the local council elections.

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